GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3176
ANSWERED ON:12.05.2006
INTEREST ON LOAN
Jai Prakash Shri

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that many co-operative and rural banks are changing monthly and quarterly interest on the loans given to farmers in violation of the instructions issued by the Reserve Bank of India; and

(b) if so, the action taken by the Government against such banks?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : Reserve Bank of India (RBI) has advised Banks that banks should charge interest on agricultural advances for long duration crops at annual rests. As regards other agricultural activities, banks may take into consideration due d>tes fixed on the basis of fluidity with borrowers and harvesting/marketing season while charging interest and compounding the same if the loan/installment becomes overdue.

On receiving complaints of violations of RBI norms by banks etc. on all issue? including charging of interest rate etc. Government/RBI pursue them with Hu concerned banks for appropriate action.